

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03 INR-10

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 2770

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E.O. 11652: N/A

TAGS: ENRG, ETRD, KS

SUBJECT: TRADE AND INVESTMENT OPPORTUNITIES ARISING FROM ENERGY
SITUATION

REF: STATE 40537

1. BEST EXPORT OPPORTUNITIES,. DEPENDING UPON SUPPLY SITUATION IN U.S. AND JAPAN, SOME SHIFT IN PETROCHEMICAL PROCUREMENT FROM JAPAN TO U.S. SOURCES MIGHT BE POSSIBLE. ECONOMIC PLANNING BOARD ESTIMATES IMPORT DEMAND FOR DMT WILL RISE FROM 46,000 TONS IN 1973 TO 96,000 TONS IN 1974; STYRENE MONOMER FROM 21,000 TONS TO 40,000 TONS AND ETYLENE GLYCOL FROM 15.000 TONS TO 29,000 TONS. AS ADDITIONAL EFFORTS TO INCREASE DOMESTIC COAL PRODUCTION ARE MADE, THERE MAY BE AN OPPORTUNITY FOR MINING MACHINERY AND RELATED EQUIPMENT. THERE COULD BE A MARKET FOR BITUMINOUS COAL AS WELL, AND FOR DUAL PURPOSE COAL OR OIL COMBUSTION EQUIPMENT FOR THERMAL POWER PLANTS. U.S. NUCLEAR POWER EQUIPMENT SALESMEN ARE ALREADY ON THE SCENE.

2. THE GOVERNMENT PLAN NOW CALLS FOR TWO NUCLEAR POWER PLANTS BY 1980 AND FOUR BY 1982. A DRAFT REVISION OF ENERGY PLAN, HOWEVER, INDICATES THAT NINE PLANTS BY 1985 ARE UNDER PRELIMINARY CONSIDERATION WITH EARLIER ONES ACCELERATED BY ONE YEAR. NUMBER 1 AND 2
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WILL BE SUPPLIED BY WESTINGHOUSE. DESPITE PROMOTIONAL ACTIVITIES

BY THE EMBASSY, WE UNDERSTAND THE ROKG HAS DECIDED TO PROCURE NUMBER 3 FROM THE CANADIANS. DETAILED PLANNING, HOWEVER, IS JUST STARTING FOR THE ADDITIONAL PLANTS WHICH WILL BE REQUIRED.

3. WE ARE NOT AWARE OF ANY REVERSE DIRECT INVESTMENT OPPORTUNITIES. RE DIRECT INVESTMENT, THE PROPOSED FIFTH AND SIXTH EXPORT ONLY OIL REFINERY PROJECTS APPEAR DORMANT NOW; U.S. OIL FIRM ABLE TO PROVIDE AN ASSURED LONG-TERM SUPPLY OF CRUDE MIGHT BE ABLE TO TAKE OVER ONE OF THESE PROJECTS, IF INTERESTED. DEPARTMENT WILL RECALL THAT CONOCO SHOWED SOME INTEREST LAST JUNE BUT WAS REBUFFED BY KOREANS THEN INTENT ON ARRANGEMENTS AS PROPOSED BY JAPANESE. GULF, CALTEX AND UNION ARE ALREADY HERE.

4. ONE POSSIBLE APPROACH WOULD BE A SALES OPPORTUNITY IDENTIFICATION TRADE MISSION TO SURVEY MINING AND OTHER ENERGY INDUSTRIES IN ORDER TO DETERMINE WHAT AVAILABLE U.S. EQUIPMENT OR SERVICES COULD BE USED.

HABIB

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